

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

PURCHASED GAS ADJUSTMENT) CASE NO. 2011-00089
FILING OF VALLEY GAS, INC.)

O R D E R

On March 29, 2006, in Case No. 2006-00012,¹ the Commission approved rates for Valley Gas, Inc. ("Valley") and provided for their further adjustment on a quarterly basis in accordance with Valley's Gas Cost Recovery ("GCR") clause.

On March 10, 2011, Valley filed its GCR to be effective April 1, 2011. Valley filed supplemental information on March 21, 2011.

After reviewing the record in this case and being otherwise sufficiently advised, the Commission finds that:

1. Valley's notice includes revised rates designed to pass on to its customers its expected change in wholesale gas costs.
2. Valley's proposed Expected Gas Cost ("EGC") is \$4.9684 per Mcf. Using updated supplier information provided by Valley produces an EGC of \$5.2940 per Mcf, which is a decrease of \$.3080 per Mcf from its previous EGC of \$5.6020.
3. Valley Gas's notice sets out no current quarter refund adjustment.

¹ Case No. 2006-00012, Application of Valley Gas, Inc. for an Adjustment of Rates Pursuant to the Alternative Rate Filing Procedure for Small Utilities (Ky. PSC Mar. 29, 2006).

4. Valley's notice sets out a current quarter Actual Adjustment ("AA") of (\$.2347) per Mcf. Valley's total AA is (\$2.0258) per Mcf, which is \$.2347 per Mcf less than its previous total AA of (\$1.7911) per Mcf.

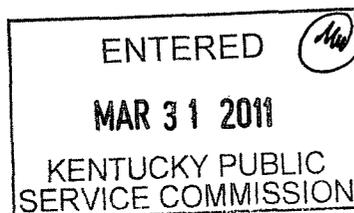
5. Valley's GCR is \$3.2682 per Mcf, which is \$.5427 per Mcf less than the previous rate of \$3.8109.

6. The rates in the Appendix to this Order are fair, just, and reasonable, and should be effective for billing for service rendered by Valley Gas on and after April 1, 2011.

IT IS THEREFORE ORDERED that:

1. Valley's proposed rates are denied.
2. The rates in the Appendix attached hereto and incorporated herein are approved for billing for service rendered on and after April 1, 2011.
3. Within 20 days from the date of this Order, Valley shall file its revised tariffs with this Commission setting out the rates approved herein and reflecting that they were approved pursuant to this Order.

By the Commission



ATTEST:

Stephanie Bell for Jeff Derosier
Executive Director

APPENDIX

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE
COMMISSION IN CASE NO. 2011-00089 DATED MAR 31 2011

The following rates and charges are prescribed for the customers served by Valley Gas, Inc. All other rates and charges not specifically mentioned herein shall remain the same as those in effect under authority of this Commission prior to the effective date of this Order.

RATES:

	<u>Base Rate</u>	<u>Gas Cost Adjustment</u>	<u>Total</u>
All Mcf	\$2.3819	\$3.2682	\$5.6501

SUMMARY OF PURCHASED GAS ADJUSTMENT FILING
for Valley Gas, Inc.

Case No.: 2011-00089
Filing Date: March 10, 2011
Proposed Effective Date: April 1, 2011
Approved Effective Date: April 1, 2011

Wholesale Gas Suppliers: Atmos Energy Marketing

Wholesale Rate: Decreased \$.3080 per Mcf
Retail Rate: Decreased \$.5427 per Mcf

Components of Total Gas Cost Adjustment:

Expected Gas Cost	\$ 5.2940
Refund Adjustment	-----
<u>Actual Adjustment</u>	<u>(2.0258)</u>
Gas Cost Adjustment	\$ 3.2682

Prepared by: Leah Faulkner

Date: March 16, 2011

Kerry R Kasey
Secretary
Valley Gas, Inc.
401 First Street
P. O. Box 55
Irvington, KY 40146